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British Virgin Islands

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I. General

1. The British Virgin Islands[1] are a group of approximately 40 islands, of which 16 are inhabited, the most important being Tortola, Virgin Gorda, Anegada and Jost Van Dyke. The islands are located about 96 kilometres east of Puerto Rico and 225 kilometres north-west of St. Kitts and Nevis. They form an archipelago with the United States Virgin Islands, with which they maintain close links. Eighty per cent of the population lives on Tortola.

2. In 1996, the population was estimated to be 18,737. (The last official census, in 1991, surveyed 16,644). About 45 per cent of the population is made up of immigrants, most of whom come from neighbouring islands. Adult literacy is estimated at 95 per cent.

II. Constitutional and political developments

3. In 1995, the Constitution was amended to add 4 at-large seats to the Legislative Council (creating a total of 13 seats). A review of this innovation, in particular its effectiveness in enhancing the legislature's representative function, began in April 1998. The recommendations of the review will be presented to the Secretary for Foreign and Commonwealth Affairs of the United Kingdom of Great Britain and Northern Ireland.[2] The next legislative elections must be held before May 1999.

4. Further information on the Constitution of the British Virgin Islands, the constitutional review conducted by the administering Power in 1995 and information on political parties and the 1995 general elections, is contained in the previous working papers prepared by the Secretariat (A/AC.109/1142, paras. 13-15; A/AC.109/1180, paras. 6-18; A/AC.109/2017, paras. 3-21; and A/AC.109/2055, paras. 3-11).

III. Economic conditions

A. General

5. The economy remains based on tourism and the provision of financial services. The territorial Government has enacted policies to diversify and strengthen each sector (see paras. 13 and 14 below) and to enhance the links between them. Because of its impressive economic indicators, in particular its high per capita gross domestic product (GDP) (see para. 6 below), the Territory ceased receiving development aid assistance from the governing Power in 1996 (though it still receives development aid from the European Union under the Lomé Convention). The Government's National Integrated Development Plan is designed to expand the economic base of the Territory, improve living standards and distribute gains more equitably through a framework of consultation that will determine consensual policies. The territorial Government has also determined to try to lessen dependence for revenue on the financial sector by more efficiently collecting revenue elsewhere in the economy.

6. In 1997, GDP rose by 4.5 per cent, compared to 6.1 per cent in 1996. Per capita GDP in 1996 was $26,903.

B. Public finance

7. The current budget surplus for 1997 is estimated at $42 million, a 60 per cent increase from the $26.2 million surplus in 1996. The large increase is the result of maintaining expenditures at 1996 levels of $85.8 million, while increasing revenue by 14 per cent, from $112 million to $127.7 million.[3] Of these revenues, 49.9 per cent came from the licensing and registration of international business companies.

8. The merchandise trade balance declined in the first three quarters of 1997. Imports rose 11.4 per cent (to $120.1 million) while exports rose only 3.1 per cent (to 4.5 million), creating a deficit of $115.6 million. The territorial Government expected that net service exports from the tourism and financial sectors would make up for the shortfall. Total export earnings, mainly driven by these two sectors, rose 18.8 per cent during the second quarter of 1997, compared to 11.7 per cent during the same period in 1996.[4]

9. Maintenance costs in respect of a series of recently completed capital projects (see para. 10 below) are expected to increase the Government's expenditures in 1998.

C. Construction and development

10. Several capital projects were completed in 1997. One such project was a disaster management programme to reduce vulnerability to hurricanes. Construction of a dual carriageway in the Road Town area began in 1996; it is estimated that it will cost $4.8 million. Capital improvements were also ongoing at the airports on Beef Island and Virgin Gorda. A $2.4 million contract was signed in April 1998 to build a new bridge between Tortola and

Beef Island, where the main airport is. The residential construction sector remains buoyant.[4]

D. Agriculture, livestock and fisheries

11. The agriculture sector accounts for approximately 4 per cent of GDP. Eight hundred hectares are under cultivation, and 4,000 hectares of pasture are used for stock rearing. The main crops are fruit and vegetables, which are produced mostly for local consumption, though some are exported to the United States Virgin Islands. Sugar cane is grown for the production of rum. The coastal waters are rich in fish, which provide the primary export of the agriculture/fisheries sector. The use of better technology is helping to increase the catch, and a fisheries credit scheme assists fishermen in financing the purchase of boats. The principal obstacles to developing the agriculture sector are shortage of labour, lack of water and few marketing facilities.

E. Industrial development

12. Manufacturing accounted for less than 5 per cent of GDP between 1991 and 1995. The most important manufactured products are rum, rice, tourist items, books and construction materials (mostly aggregates). Tax and duty exemptions are offered to promote industry. Under the Pioneer Services and Enterprises Ordinance, for example, investors in enterprises for which a special need exists in the Territory may benefit from a tax holiday of up to 10 years and may import capital needed for their investment without paying duty.

F. International business and finance

13. The financial services sector remains dominated by international business companies, which generate half of total government revenue. Total registrations of international business companies now exceed 250,000. More than 50,000 registrations were recorded in 1997, up from 41,618 in 1996 (an increase of almost 20 per cent). The British Virgin Islands has accumulated an estimated 45 per cent share of the global market for this service. At the same time, the Government is trying to diversify within the financial sector, for example by promoting ship registrations and mutual fund markets.[3] Ship and yacht registration increased 16 per cent in 1996. In December 1997, amendments were made to the 1996 mutual funds act to enhance regulation of mutual funds. According to the territorial Government, the purpose was "to create a fit and proper environment which meets internationally recognized standards of best practice in the management and administration of mutual funds."[5] Nonetheless, mutual funds, trust companies, insurance and banking remain a relatively insignificant part of the financial services sector (although 14 new captive insurance licenses were issued in 1996, bringing the total to 116).

G. Tourism

14. Tourism provides approximately 25 per cent of GDP. The territorial Government continued its active promotional programme for tourism. A key part of the Government's tourism strategy is to maintain the island's upscale image. To this end, the Government has placed restrictions on the number of cruise ships allowed in port and the number of passengers allowed on shore, has limited the development of high-rise hotels and casinos and has promoted the development of niche market sectors, such as inns and villas. Sixty per cent of total visitor revenue to the island comes from overnight visitors aboard yachts, showing the importance of the upscale tourist market to the Territory. In April 1998, the Government announced the formation of a team to develop a model to measure the overall economic impact of tourism on the economy.

15. Stayover visitor arrivals in the first three quarters of 1997 increased by 62.4 per cent (a total of 184,779 visitors) compared to the corresponding period in 1996. This increase was relative to the less-than-usual number of visits in early 1996 because of the 1995 hurricanes. The number of cruise ship passengers in the first three quarters of 1997 declined by 28.1 per cent (to 83,074). Again, this decline is exaggerated by artificially inflated cruise ship arrivals in 1996, when ships were redirected from other destinations that had not yet repaired their infrastructure damaged in the 1995 hurricanes.

IV. Social conditions

A. Labour

16. The labour force is engaged primarily in tourism (26 per cent), government (20 per cent) and construction (18 per cent). There is virtually no unemployment.

B. Public health

17. Tortola has a well-equipped hospital, 10 doctors, 2 dentists, 2 visiting eye specialists and 2 chiropractors. Health policy emphasis is on the improvement of preventive medicine. Hence, there are frequent school medical examinations and successful immunization campaigns against smallpox, diphtheria, whooping cough, tetanus and poliomyelitis.

C. Crime and crime prevention

18. The Royal Virgin Islands Police Force maintains three stations in Tortola and one each in Virgin Gorda, Anegada and Jost Van Dyke. The total size of the force is 161 officers. The level of violent crime is among the lowest in the region. In order to combat problems associated with drug trafficking, the Government of the United Kingdom has provided expatriate police personnel, a police launch, a surveillance aircraft and other anti-narcotics equipment. Two Royal Navy personnel and two Royal Air Force crew members are funded by the Government of the United Kingdom. Drug trafficking is on the rise throughout the Caribbean, and in 1996, 1,765 kilograms of cocaine were seized in the Territory.

V. Educational conditions

19. There are a total of 18 public and 11 private primary schools in Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college in Road Town. Secondary education is available to the General Certificate of Education "A" level. Higher education is provided by the University of the West Indies, while the H. Lavity Stoutt Community College offers associate degree courses and technical education.

VI. Participation in regional organizations

20. The Territory enjoys associate membership in the International Labor Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory is an associate member of the Caribbean Community (CARICOM), whose goal is to promote closer political and economic integration among Caribbean States. It is a borrowing member of the Caribbean Development Bank (CDB). It is also a signatory to the Lomé Convention, which provides preferential access to the European Union for sugar, bananas, rum and rice from the Caribbean, as well as development assistance. The current convention, Lomé IV, runs until February 2000, after which the existing trade arrangements may be revised.

VII. Future political status of the Territory

A. Position of the territorial Government

21. Information on the position of the territorial Government is contained in previous working papers prepared by the Secretariat (A/AC.109/1180, paras. 26-28 and A/AC.109/2017, para. 61).

B. Position of the administering Power

22. On 4 February 1998 the British Foreign Secretary, Mr. Robin Cook, proposed a "new partnership" between the administering Power and the territorial Government. In particular, the Foreign Secretary asserted the following:

> "First, the right of self-determination is paramount. Britain has willingly granted independence where it has been requested. Equally, Britain remains committed to those sovereign territories which wish to retain the British connection ... Third, within this framework Britain would like to see the Dependent Territories running their own affairs as much as possible."[6]

23. Further information on the position of the United Kingdom of Great Britain and Northern Ireland on the future status of the Territories under their administration is contained in document A/AC.109/2075, paragraphs 34-36.

C. Action by the General Assembly

24. On 10 December 1997, the General Assembly adopted, without a vote, resolution 52/77 B, section IV of which concerns the British Virgin Islands.

Notes

[1] Information contained in the present working paper has been derived from information transmitted to the Secretary-General by the Government of the United Kingdom under Article 73*e* of the Charter of the United Nations in May 1998 and from publications.

[2] *BVI Beacon*, 30 April 1998.

[3] Caribbean Development Bank, 1997 Annual Report.

[4] *BVI Beacon*, 7 May 1998.

[5] *Bermuda Sun*, 9 December 1997.

[6] Information provided by the Administering Power.